THE HON'BLE SRI JUSTICE L. NARASIMHA REDDY

WRIT PETITION No.22757 of 1998

DATED:12.07.2006

Between:

M. Narsimha

..Petitioner

And

H.M.T. Ltd., (Machine Tool Division) represented by its General Manager

..Respondent

THE HON'BLE SRI JUSTICE L. NARASIMHA REDDY

WRIT PETITION No.22757 of 1998

ORDER:

The petitioner retired from the service of H.M.T. Limited, the respondent herein, as a Senior Driver-cum-Checker 'C', on 30.11.1996. The amount of gratuity was paid to him on 12.07.1998, i.e., almost 18 months after his retirement. He filed this writ petition claiming interest at the rate of 24%, per annum, for the delayed payment, placing reliance upon Section 3-A of the Payment of Gratuity Act, 1972 (for short "the Act"). The petitioner contends that Section 3-A of the Act mandates that if the gratuity is not paid within thirty days from the date on which it became payable, simple interest at the prevailing rate shall be paid thereon, till the date of payment.

The respondent filed a counter-affidavit, in which, it is pleaded that the Company is undergoing severe financial crisis and that the delay in payment of gratuity neither wilful nor wanton. It is also alleged that the petitioner did not protest, while receiving the amount of gratuity.

Heard the learned counsel for the petitioner and the learned counsel for the respondent.

The short question in this writ petition is as to whether the petitioner is entitled to be paid the interest for the period between the date of retirement and the date of payment of gratuity, beyond thirty days.

It is not in dispute that Section 3-A of the Act provides for payment of interest, if it is delayed beyond thirty days. The petitioner retired from the service on 30.11.1996. The respondent was under obligation to pay the gratuity maximum by 31.12.1996. The delay, thereafter, attracts interest. The factors provided for under Section 3-A of the Act, which wipe out the interest, are neither pleaded nor proved. The financial condition of the Company at the most has a bearing on the rate of interest not on its liability.

For the foregoing reasons, the Writ Petition is allowed, directing the respondent herein to pay simple interest at 6%, per annum, on the

amount of gratuity paid to the petitioner for the period between 01.01.1997 to 01.07.1998. There shall be no order as to costs.

L. NARASIMHA REDDY, J

12th July 2006.

GJ